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INFO RUEHBR/AMEMBASSY BRASILIA 7752  
RUEHCV/AMEMBASSY CARACAS 9319  
RUEHPE/AMEMBASSY LIMA 5404  
RUEHLO/AMEMBASSY LONDON 1673  
RUEHNE/AMEMBASSY NEW DELHI 0094  
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WHA/EPSC FOR FCORNEILLE; EEB/IEC FOR MCMANUS

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SUBJECT: COLOMBIA AUCTIONS NINE OFFSHORE BLOCKS ON  
CARIBBEAN COAST

11. (U) On September 18, Colombia's National Hydrocarbons Agency (ANH) successfully auctioned nine exploration blocks totaling \$50 million. The nine blocks represent part of 13 oil and gas blocks off the coast of Atlantico, Bolivar, Magdalena, and La Guajira departments offered in ANH's 2007 Caribbean Round auction. The GOC had anticipated receiving bids on no more than seven blocks and touted the better-than-expected results as a sign of increased investor confidence in Colombia's energy sector.

12. (U) In addition to the higher than expected bids, the auction ushered in three new international investors in Colombia's offshore sector: U.S. firm Amerada Hess; BP; and Indian firm ONGC Videsh. Amerada Hess will jointly explore two blocks with Colombia's state-owned hydrocarbons company Ecopetrol and Brazilian parastatal Petrobras while ONGC Videsh will participate in three blocks with Ecopetrol. BP will explore one block exclusively and partner with Ecopetrol and Petrobras in another. Ecopetrol, which is in the process of privatizing a ten percent stake in the company to raise capital for increased exploration, is participating in eight of the nine auctioned blocks. Chevron Texaco, one of the first offshore producers in Colombia, did not submit bids in the round.

13. (U) Under the terms of the auction, companies agreed to invest a minimum of \$5 million in exploration in each of their respective blocks. Most company representatives estimated they will announce exploration results within two years. With completion of the 2007 Caribbean Round, Colombia now has 6 million hectares (23,000 square miles) of offshore blocks under exploration. ANH hopes to auction the four other blocks as part of a future offshore round. Our energy sector contacts hold high expectations for significant natural gas findings in the blocks, but are skeptical that major petroleum fields will be discovered.  
Brownfield